Focus Rugao

Nestled at the intersection of Eastern China’s coastal passage and the Yangtze River’s golden waterway is a shiny pearl known as Rugao, Jiangsu Province. Rugao is famous for being a “Historical and Cultural City” and a “City of Flowers and Bonsais in China” as well as a “Famous Land of Longevity”.

With the introduction of a high-speed rail system, Rugao is embracing historically unprecedented development opportunities by capitalizing on the following five major national strategies: integration of the Yangtze River Delta region, coastal development in Jiangsu Province, development of the Southern Jiangsu Modernization Demonstration Zone, establishment of the China (Shanghai) Pilot Free Trade Zone, and development of the Yangtze River Economic Belt. The combined economic effect of the five major national strategies will undoubtedly help boost Rugao’s economy to new heights.

• City of Transport Hubs
Located at the convergence of the T-shaped production axis of China’s coastal and riverside region, Rugao is a core and integral part of Shanghai’s one-hour economic circle. Sitting at the junction of the Yangtze River’s golden waterway and the inland waterway, Rugao serves as the critical and primary coastal port in Jiangsu Province as well as a new gateway accessible to the rest of the world. As a result, the region enjoys unique land and sea transportation advantages, transforming Rugao into a “City of Transport Hubs” that connects the North and the South, and across rivers to the sea.

• City of High-Speed Rail
By the construction of the Shanghai–Nantong Railway network, Rugao combines rich resources stemming from the current “eight horizontal and eight vertical” highway network and the airports in the surrounding area. As a result, Rugao becomes the “City of High-speed Rail” owning a three-dimensional transportation network that integrates transfers over land, sea and air and facilitates the joint operations of transportation routes along rivers and in the sea.

• City of Openness
Rugao is committed to developing a service-oriented government. Therefore, its administrative departments have adopted a service-oriented management in order to provide premium and highly efficient one-stop services to enterprises in Rugao. With the continued optimization of the overall investment environment, Rugao has transformed into a “City of Openness” that provides enterprises with re-assurance and highly efficient services.

• City of Prosperity
With a diversified industrial system, well-developed infrastructure and strong resource base, Rugao has a robust and advantageous business and industrial development environment. At the same time, by leveraging its sophisticated scientific research and financial environment, Rugao is attracting a multi-level flow of human resources, as well as logistics and business activities. These developments have facilitated the collaboration and joint development of industries, and has enabled Rugao to become a vibrant and dynamic City of Prosperity.

• City of Livable Spaces
Rugao is a Land of Longevity in the world with beautiful environment. It is also renown as being a vibrant National Garden City. Furthermore, Rugao has remained committed to optimizing its functional layout, facilitating the integration of city and industry, and striving firmly to become an eco-friendly low-carbon city, namely a “City of Livable Spaces” that provides an excellent living environment.
Discover Rugao

There are many factors that provide Rugao with cost advantages to help meet business needs, including an abundance of human resources, ample land reserves, and good business facilities. In addition, these factors play an important role in promoting Rugao’s industrial integration, transformation and upgrades.

By considering all the variables that factor into corporate investments and operations, research was conducted into Rugao’s businesses and investment costs based on the dimensions stated below. Our research concluded the following:

Note:
① All figures outlined above refer to a multiple derived as a percentage of Rugao’s reference value (with Rugao’s reference value being 1.00) compared to other city’s various investments and operational costs with reference value in the same areas.
② Labor costs take into consideration the average annual remuneration of employees of urban non-private entities and the minimal social security contributions required by law in 2013.
Geographical Location of Rugao

Rugao

Rugao High-speed Rail Station
Rugao South High-speed Rail Station
Rugao Baipu High-speed Rail Station
Rugao Port

Nantong

Nantong Xingdong Airport

Zhangjiagang

Ningqi railway
Huting railway
Xinchang railway

Wuxi

Changshu

Hongqiao Airport
Pudong Airport

Suzhou

Kunshan

Taicang

Sutong Yangtze River Bridge
Chongqi Bridge

Shanghai Port

Yangkou Port

Shanghai's One-hour Economic Circle

Heading towards Hangzhou

Legend
Airport
Entrance and Exit of Expressway
Expressway
National Road, Provincial Road
Railway
Railway under Construction
Huning Railway
S334
G40
S38
S28
G2
S29
G15
S334
S19
G40
G15W
G204

Geographical Features:
- Rugao
- Shanghai
- Yangkou Port
- Yellow Sea
- East Sea

Major Roads:
- G40
- G15
- S28
- S334
- S38
- G2
Contents

1. Rugao Profile 1
2. Government Services and Policies 8
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5. Human Resources 23
6. Living Environment 26
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   I. Approval Procedures of Foreign-Invested Enterprises 30
   II. Government Agencies for Foreign Investment Services in Rugao 31
1. Rugao Profile

1.1 Rugao Overview
1.2 Geographical Location
1.3 Three-Dimensional Transportation Network
1.4 Economic Development
1.5 Current Investment
1.1 Rugao Overview

Rugao, which literally means “to reach a highland near a waterway”, can be found in Chinese literature in the “Commentary of Zuo”. The county was first established during the Eastern Jin Dynasty with a history spanning over 1,600 years. During the Ming and Qing Dynasties, large numbers of businesspeople gathered here, earning it the reputation “Golden Rugao”. Today, Rugao has become a very influential city with immense potential for development and one of the highest investment values in the Yangtze River Delta region.

Rugao’s Major Honors and Awards

Scientific and Technological Innovation
• Top 100 Cities of Medium or Small size in Scientific Development
• National Top 100 Counties (Cities) in Science and Technology
• National Advanced County of Science and Technology Progress
• National Demonstrative County (City) in Technology Innovation Project

Urban Development
• National Ecological City
• National Garden City
• National Sanitary City
• National Green Model County (City)
• China Charity City
• National Secure County of Social Order

Economy and Investment
• Top 100 Competitive County-level Cities in China
• Top 100 Middle-and—small Cities of Comprehensive Strength in China
• National Category-I Open Port
• National Shipbuilding Base
• Top 10 Most Ideal Place for Investors in the Yangtze River Delta
• Township of Construction in China

Living Environment and Longevity
• World Longevity Land
• Township of Flowers and Bonsais in China
• China Top Tourist City
• China Best Leisure Town
• National Agriculture-tourism Demonstration City
• Happiest County-level City in China
1.2 Geographical Location

Rugao’s Comprehensive Geographical Location

T-shaped Node City

- The intersection between Eastern China’s coastal passage and the Yangtze River’s golden waterway
- Core part in the Yangtze River delta region
- A National Category-I Open Port

Shanghai’s Doorstep

- Located in the core economy radius of China (Shanghai) Pilot Free Trade Zone
- A 37-minute ride to Shanghai through the Shanghai-Nantong Railway
- Absorbs overflow of Shanghai’s high quality resources

Gateway to Rivers and the Sea

- An important base for land and sea operation of China
- An important waterway transportation hub for the midstream and downstream sections of the Yangtze River
- A premier portal for the Central Jiangsu and Northern Jiangsu to achieve transportation via river to the sea
- An important port city that connects the Yangtze River to the sea

Connecting Southern Jiangsu

- A comprehensive transportation hub in the northern part of the Yangtze River Delta Region
- A foothold allowing Central Jiangsu and Northern Jiangsu to connect with Southern Jiangsu

Synergistic Effects of Five National Strategies

Integration of the Yangtze River Delta Region

China (Shanghai) Pilot Free Trade Zone

Jiangsu’s Coastal Development

The Yangtze River Economic Belt

Southern Jiangsu Demonstration Zone
1.3 Three-Dimensional Transportation Network

By utilizing the Yangtze River’s golden waterway, Rugao consolidates a multitude of transportation resources (ranging from railways, expressways, airways and ports) in order to reinforce their joint operations and the development of a comprehensive transportation hub. This has enabled Rugao to establish a three-dimensional transportation network with an integrated network of land, sea and air operations, and joint operations of transportation routes along rivers and the sea.

Rugao’s High-Speed Rail System
- A 37-minute ride to Hongqiao, Shanghai via the Shanghai-Nantong Railway
- Three high-speed railway stations

Joint Operations of Transport Routes on Rivers and the Sea
- A National Category-I Open Port
- A 12.5-meter deep-water Yangtze River navigation channel
- 120 km distance from Rugao Port to Shanghai Port
- Two main national Yangtze River navigation channels

Network of Expressways
- 4 expressways crossing through Rugao, namely, Shanghai-Xi’an Expressway, Shenyang–Haikou Expressway, Qidong–Yangzhou and Wuxi-Nantong Expressway
- 9 expressway access points
- Access to expressways within 10 minutes from any town

Airport Facilities
- Shanghai Pudong International Airport (120 minutes)
- Shanghai Hongqiao International Airport (90 minutes)
- Wuxi Sunan Shuofang International Airport (60 minutes)
- Nantong Xingdong Airport (30 minutes)
- Changzhou Benniu Airport (60 minutes)
- Yangzhou Taizhou Airport (60 minutes)
1.4 Economic Development

Steady National Economic Growth
• In 2013, Rugao reported a GDP of RMB 65.70 billion\(^①\), representing a year-on-year increase of 11.80%
• Rugao ranked 31 among the Top 100 Competitive County-level Cities in China
• Rugao maintains an optimizing industrial structure

Stable Growth in Resident Income\(^①\)
• In 2013, Disposable income per urban household in Rugao totaled RMB 28,611, representing a year-on-year increase of 10.00%
• In 2013, rural residents in Rugao reported a net income of RMB 13,004, representing a year-on-year increase of 11.50%

Booming Consumer Market\(^①\)
• In 2013, total retail sales of consumer goods in Rugao came to RMB 25.96 billion, representing a year-on-year growth of 12.90%
• In 2013, living expenses per urban household stood at RMB 17,716, up 11.50% from 2012

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Source:
①Rugao’s Statistical Communique on National Economic and Social Development for 2013
1.5 Current Investment

Fertile ground for Foreign Investment

- By the end of 2013, there were 909 foreign-invested enterprises established in Rugao.
- There is currently one enterprise that has a total investment exceeding USD 1 billion, while there are 14 enterprises that have a total investment exceeding USD 100 million.
- Total foreign investments came to USD 14.78 billion, and registered capital was USD 12.11 billion.

Cradle of Private Enterprises

- As of 2013, individual proprietors and private enterprises came to a total of 87,119 and 30,604 respectively.
- Total registered capital reached a total of RMB 106.77 billion.

Rugao’s Foreign Investment Sources

Source:

① Rugao Bureau of Commerce
② Rugao Development and Reform Commission
1.5 Current Investment

**Fertile ground for Investment**
There are currently many Fortune 500 companies and multinational corporations investing in Rugao, including China Shipbuilding Industry Corporation, China Railway Group Limited, Morimatsu (Jiangsu) Heavy Industry Co., Ltd., Teck Guan (China) Ltd., Jiangsu Jinyuan Flax Co., Ltd., Walmart, SAP and AAC Technologies Holdings Inc.

<table>
<thead>
<tr>
<th>A Selection of Enterprises with Investment in Rugao</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morimatsu</td>
</tr>
<tr>
<td>Starbucks</td>
</tr>
<tr>
<td>Marubeni</td>
</tr>
<tr>
<td>Wanda Special Bearing</td>
</tr>
<tr>
<td>Jiangsu Jiuding</td>
</tr>
<tr>
<td>Country Garden</td>
</tr>
</tbody>
</table>

Note: The above list is provided by Rugao Investment Promotion Bureau. This list is in no particular order.
2. Government Services and Policies

2.1 Government Services
2.2 Government Support
2.3 Talent Policies
2.1 Government Services

Open, Transparent and Highly Efficient Government Services
Rugao municipal government provides responsive service to foreign merchants and businesses by striving to build an excellent environment that is “business friendly, secure and prosperous”. The local authorities are also actively creating an open, transparent and highly efficient government service system.

The Rugao Municipal Government has been practicing the service philosophy of “if an issue is internal, enterprises are empowered to handle it without government involvement. If an issue is external, the government will provide services to ease enterprise concerns”. In other words, “corporate matters are resolved by corporate decisions and solutions, while corporate needs are addressed by government services”.

Innovative Policies
- Mutual benefit
- Specific policies for specific enterprises

Streamlined Procedures
- One-Stop collection of application
- Joint review and approval process
- Finite timeframe to complete approval process

Premium Service
- One-stop services
- A full range of “point-to-point” services

Regulated Fees
- Transparent policies
- Reasonable fees

One-Stop Service Center
- Centralized offices provide convenient and efficient one-stop services
- Highly efficient and personalized services are rendered while maintaining low administrative costs

Corporate Information Public Service Platform
- Updated industry information is provided in real-time to promote the sharing of resources and information
- Enterprises are provided with a display platform to showcase their products

Integrated Platform for Customs Clearance
- An integrated customs clearance platform has been established that comprises of government departments specializing in customs services, maritime safety administration, inspection and quarantine, border control, etc.
- Customer-oriented management principles have been employed to create convenient and personalized services

During the screening for “China’s Premier Business Friendly Cities for 2013”, Rugao was recognized and honored with the “Best Cities for Investment” award.

—Jiangsu Sushang Development Promotion Association
2.2 Government Support

In recent years, Rugao municipal government has been actively decentralizing operations and increasing optimization services. The government has made every effort to secure contributing factors such as land and energy supply, implement policies decisively and effectively, and provide companies with nurturing and comprehensive services that cover every stage of development. In doing so, the government has minimized its role, which has created greater market activity and led to companies’ exponential growth.

—Rugao Corporate testimonial

Financial and Tax Support

- Tax preferences
- Financial subsidies
- Financial incentives
- Special financial subsidies for specific industries

Preferential Land Policies

- Enhanced protection mechanisms for land use
- Customized management of land use: all procedures related to land site visits, quotas and transfer listings will be handled on a case-by-case basis

Government Support

- Policy guidance
- Government investment
- Public service platforms

Financial Support

- Credit policies that provide a “steady balance between credit guarantees and credit-restrictions”
- Establishment of a ”green” credit platform
- Incentives and support for direct corporate financing
- Streamlined foreign exchange processing procedures
2.3 Talent Policies

Preferential Policies to Attract Talent

With a profound understanding of the philosophy “the critical element of successful governance is prioritization and development of talent”, Rugao has been committed to establishing innovative talent development systems and policies for many years. Similarly, Rugao is actively attracting innovative companies and leading entrepreneurs, aiming to develop a deep and influential pool of high-end talent.

• Attracting talent with global leadership roles in fields such as advanced information technology, environmental technology, biotechnology, modern agriculture, alternative energy and others, including members of the Chinese Academy of Sciences and the Chinese Academy of Engineering, members of the Recruitment Program of Global Experts ("1000 Plan"), National Outstanding Youth, Cheung Kong Scholars and members of Special Talent Program of the Chinese Academy of Science.

• Attracting urgently needed talent with master’s degree or above, as well as talent with senior professional title.

Rugao’s Talent Policies (Sample of Key Policies)

• Current policies permit Innovative entrepreneurs to obtain maximum of RMB 5 million in support funding.
• Enterprises that introduce innovative talent may obtain a maximum of RMB 1 million in support funding.

• Entrepreneurs may be entitled to service allowances and a housing allowance up to RMB 500,000.

• Individuals holding doctorate degrees and Rugao residency status are entitled to a tuition subsidy up to RMB 100,000.

• On-the-job training allowances
• Funding for preferred projects

Source: Rugao Human Resource management Office
3. Business Environment

3.1 Industry Overview
3.2 Industry Base
3.3 Industry Development Direction
3.4 Development of Functional Areas
3.5 Scientific Research Environment
3.6 Business Facilities
3.1 Industry Overview

By relying on a clear industrial development plan, Rugao has built a solid industrial base made up of four pillar industries, four emerging industries, four modern service industries, and four modern agricultural industries. With the advent of the high-speed railway system, Rugao is actively promoting the extension and integration of modern industries, while vigorously developing industries involved in “big manufacturing”, “big logistics”, “big health” and “big data”. Rugao will thereby undergo intensive, efficient, sustainable and low-carbon development, as well as create a star zone for economic development in the Yangtze River Delta region.
3.2 Industry Base

Rugao’s existing four industry systems provide steadfast support for city’s rapid economic development. Furthermore, the industry base also acts as an effective conduit to attract industry clusters and encourage industrial transformations and upgrades.

**Advanced Manufacturing**
- Fully functional services developed using a coordinated and complementary process
- Industrial integration and development that creates comprehensive benefits
- Innovation-driven industrial transformations and upgrades serve as an incubator for development

**Modern Service Industry**

**Four Pillar Industries**
- Shipbuilding, Offshore Engineer and Marine Accessories
- New Energy Automobiles and Auto Parts
- Advanced Materials
- Textile and Clothing

**Four Modern Service Industries**
- Modern Logistics
- Software and Information Services
- Characterized Tourism
- Health and Pension Industry

**Four Emerging Industries**
- High-end Equipment
- Electronic Information
- Energy Conservation and Environmental Protection
- New Energy

**Four Modern Agricultural Industries**
- Flowers and Bonsais
- Organic Rice
- Organic Fruits and Vegetables
- High-Grade Livestock/Poultry
3.3 Industry Development Direction

**Direction and Support for Industry Development**

- The combination of many factors, including the implementation of five national strategies, a state-level development zone and a National Category-I Open Port, has provided Rugao with a strong catalyst for economic development.

- Rugao is committed to capitalizing on the advantages stemming from its geographical location and existing industry base, while also accelerating the construction of a modern industry system that thrives on a large manufacturing platform driven by three leading industries, namely “big logistics”, “big health” and “big data”.

- Replying on an sophisticated industry base, Rugao is focused on industrial transformations and upgrades, while coordinating the advancement of emerging industries and the advanced manufacturing industry. Rugao is also building a “premium and sophisticated” clustering area for advanced manufacturing in the Yangtze River Delta region.

- Industry development direction: national strategic manufacturing industries that include the new energy industry, the advanced materials industry and the high-end equipment manufacturing industry.

- Due to opportunities that have come through the development of the high-speed railway system, as well as utilizing its prime waterway and the Yangtze River economic belt, Rugao is building a modern integrated logistics system as well as a bulk cargos logistics and distribution center in the northern part of the Yangtze River Delta region.


- Rugao is utilizing its ‘longevity’ brand resources, and the reach of its high-speed railway system to build a big health industry and become the preferred destination for health and leisure industry within the Yangtze River Delta region.

- Industry Development Framework:
  - Primary industrial sector: Organic agriculture, Efficient agriculture, Healthy agriculture, Longevity food products
  - Secondary industrial sector: Biomedicine, Medical equipment, Healthy consumer goods
  - Tertiary industrial sector: Healthcare and leisure, Health culture promotion, Physical examination services, Information technology for the health industry, Pension industry

- With a Software and Information Services Industry Park, an Electronic Information industry Park and a Provincial-level Cultural Industry Park serving as the platform, Rugao is developing a big data industry, that includes software “wisdom” industry sectors, and is building a city of innovative and “smart” enterprises.

- Industry development direction:
  - Software industry: software and information outsourcing, mobile Internet and innovation industries
  - “Wisdom” industry: information security, cloud computing, big data processing, “smart” manufacturing and other industries.
3.4 Development of Functional Areas

Rugao is actively promoting the development of its riverside, forming the Port-oriented and Urban-oriented economic development that fosters rapid economic growth. This process has gradually formed the four main functional areas of the National Rugao Economic Development Zone, Rugao High-Tech Industry Development Zone and Rugao Industrial Park. The different types of industry clusters that have formed in other towns have been due to the layout of the functional area, thus serving as a strong conduit for industrial development.
National Rugao Economic Development Zone

- Economic zone with the greatest potential in China
- Yangtze River Delta region’s most valuable zone for investment
- One of China’s innovation demonstration bases for collaborations between enterprises, universities and research institutions
- A national base for UHV power transmission equipment, distribution equipment and accessories
- The industry base for new energy automobile industry in Jiangsu
- Has already formed six core industrial parks, including new energy automobiles and auto parts, CNC-forming equipment, electrical equipment and electronics, modern textiles and clothing, longevity biotechnology and modern agriculture

Rugao High-Tech Industry Development Zone, Jiangsu Province

- Has been appointed as a software industrial base of the National Torch Plan, an incubator for state-class technology enterprises, one of China’s best software parks for investment, and one of China’s Top 10 parks and zones for outsourcing
- Has already formed two core industrial parks for software and information services, and electronic information services, as well as one industrial zone for the Recruitment Program of Global Experts (“1000 Plan”)
- Focuses on the development of modern high-tech industries such as software, electronic information services, as well as energy conservation and environmental protection industry
- Has a comprehensive infrastructure and support facilities, with 250,000 m² for software R&D buildings and 150,000 m² for staff apartments, as well as 220,000 m² standard factories which can be put into immediate use
- Its human resource services platform has developed an information services training system with a training capacity of 1,500 software personnel, while providing customized (practical) training services to employers

Rugao Port

- A national category-I open port that sits on a natural harbor with a deepwater shoreline
- Features two 150,000-ton docks, ten 50,000-ton docks and nine 10,000-ton docks
- With joint operations through rivers and the sea, the port has a handling capacity of 100 million tons and is a transfer station for the Yangtze River Junction
- Rugao Port Bonded Logistics Center (B-class): 6,000-m² bonded warehouse, 6,000-m² warehouse and 4,000-m² complex building has already been established
- Benefits from the spillover-effects of China (Shanghai) Pilot Free Trade Zone and is building the most dynamic and efficient regional logistics center in the northern part of Shanghai’s International Shipping Center
- Has already formed four core industrial parks for shipping and marine engineering equipment, advanced chemical materials, heavy equipment and modern port logistics

Rugao Industrial Park

- Rugao Industrial Park is the location of Rugao’s administration center and also serves as the city’s political, economic and cultural center
- The park has amassed a large number of high-tech enterprises, modern manufacturing and tertiary services, both of which possess high-tech, and high value-added technology
- Rugao Industrial Park has formed two core industrial parks for composite materials and precision machining
- It has successfully integrated the city with industry, and created multiple zones for specialized clusters in areas of modern businesses, trade and logistics, healthy living, and modern agriculture, to create a highly appealing urban economy
3.5 Scientific Research Environment

**Rely on Government Financial Support**

- In 2013, Rugao municipal government invested RMB 200 million to support corporate research activities, representing a year-on-year increase of 25%.

**Leveraging the Yangtze River Delta Region’s Outstanding Research Environment**

- Located at the core of the Yangtze River Delta region, Rugao enjoys resources shared by over 500 scientific research and higher education institutions in the Yangtze River Delta region.

**Rely on the Model of Collaboration between Enterprises, Universities and Research Institutions**

- Technology talent fairs have been held for 16 consecutive years.
- Established partnerships with more than 140 research institutions and universities.

**Support from Local High-Tech Enterprises**

- A total of 208 high-tech enterprises.
- In 2013, the output value of the high-tech industry reached RMB 59.68 billion, accounting for 42.06% of the output value of large-scale industries.

**Scientific Research Achievements**

- National Advanced county (city) of science and technology progress.
- National Pilot City for Intellectual Property.
- Two Industrial Bases in the National Torch Program.
- Two Incubators for National Technology Enterprises.
- Model City for Intellectual Property in Jiangsu Province.
- Pilot City for Innovation in Jiangsu Province.
- National Demonstrative County (City) in Technology Innovation Project.

**Government-supported Science Collaboration Platform between enterprises, universities and research Institutions**

- Four strategic alliances for industrial technology innovation in Jiangsu Province.
- Cooperation with Peking University.
- Cooperation with Fudan University for research on longevity.
- Cooperation with China Shipbuilding Scientific Research Center to build the Rugao ‘Green Ship’ Research Institute.
- Cooperation with Harbin Engineering University to build the Rugao Research Institute.

Source:
Rugao Bureau of Science and Technology
3.6 Business Facilities

Financial Institutions
Rugao has an outstanding financial ecosystem at the provincial level and a wide variety of financial institutions, including commercial banks, finance firms, securities firms, insurance companies and small loans enterprises.

<table>
<thead>
<tr>
<th>Banking</th>
<th>Securities</th>
<th>Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>4</td>
<td>34</td>
</tr>
</tbody>
</table>

Support Service Organizations
Rugao has nearly 30 professional service enterprises, including law firms, accounting firms, consulting firms, guarantee companies and financial institutions. Local enterprises thereby have full and diverse range of professional services to choose from.

Five-star hotels, such as Jinling Jinding Grand Hotel, Nantong Guang Hua International Hotel, Hengshan Jinsheng Hotel and Yonglin International Hotel, are currently up and running. They provide a quality living environment for business meetings and travel.

Business Clusters

Central Business District
- Located in the center of Rugao
- Provides AAAAA-class office buildings designed with 211,000 m² of office space
- Catering to modern services, the area serves as a hub for business and finance, corporate headquarters, shopping, cultural leisure and high-quality residences
- Offers hardware support with a large shopping center, a five-star hotel and luxury residences

Longyou Lake Business District
- Features a total area of 80,000 m² with a lake that is approximately 1 km²
- Integrates modern businesses, headquarters economy, tourism, leisure and fine living all in into one

Comparison of Average Office Rental Costs of Neighboring Cities

<table>
<thead>
<tr>
<th>City</th>
<th>Average Office Rental Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shanghai</td>
<td>10</td>
</tr>
<tr>
<td>Hangzhou</td>
<td>4.53</td>
</tr>
<tr>
<td>Nanjing</td>
<td>4</td>
</tr>
<tr>
<td>Suzhou</td>
<td>2.64</td>
</tr>
<tr>
<td>Rugao</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: All figures outlined above refer to a multiple derived as a percentage of Rugao’s reference value (with Rugao’s reference value being 1.00) compared to other city’s various investments and operational costs with reference value in the same areas.

Source:
①Rugao Finance Office
②Rugao Investment Promotion Bureau and “JLL’s Greater China Office Index” published in the first quarter of 2014
4. Infrastructure

4.1 Land Supply

4.2 Energy Supply
4.1 Land Supply

Land Supply Advantages
- Abundant land reserves
- Flat terrain that is able to satisfy large-scale development requirements

Land Cost Advantages
Compared to Shanghai and other cities of the Yangtze River Delta region, Rugao has comparative land cost advantages.

Land Cost Comparison between Rugao and Shanghai

<table>
<thead>
<tr>
<th>Land Type</th>
<th>Rugao</th>
<th>Shanghai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial land price</td>
<td>3,500</td>
<td>19,670</td>
</tr>
<tr>
<td>17.80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential land price</td>
<td>1,350</td>
<td>15,220</td>
</tr>
<tr>
<td>8.90%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial land price</td>
<td>204</td>
<td>840</td>
</tr>
<tr>
<td>24.30%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source:
① Land and Resources Bureau of Rugao
② Rugao Investment Promotion Bureau (Note: Commercial land prices and residential land prices are benchmarked according to the latest third class land values. The land price was benchmarked on January 1, 2013. Industrial land prices are in accordance with the “National Minimum Standards for Industrial Land” stipulated by the Ministry of Land and Resources.)
4.2 Energy Supply

**Energy Supply**

**Water**
- Abundant freshwater resources that are suitable for accommodating projects with high water consumption
- A regional water supply center has been completed that is capable of an daily output of 400,000 tons
- A daily disposal capacity of 166,000 tons of wastewater, and 100% treatment rate for industrial wastewater

**Electricity**
- Thirty-eight substations with 35 kV and above
- Dual power supply circuits with sufficient power sources
- In 2013, total electricity consumption was 4.54 billion kwh, representing a year-on-year increase of 6.1%

**Gas**
- 80km high-pressure natural gas pipeline, and 1,250km medium-pressure and low-pressure natural gas pipelines
- In 2014, the total supply of natural gas will reach 80 million cubic meters
- The main functional areas and industry clusters that have formed in towns have achieved full natural-gas pipeline coverage

**Heat**
- A central heating project has been completed with an annual output of 1,000,000 tons
- A steam pressure capacity of 1.2 MPa or more with a temperature exceeding 300°C

**Examples of Energy Cost Advantages**

Abundant energy supply not only guarantees the rapid and stable development of enterprises, but also provides significant energy cost advantages.

![Bar chart for Non-residential Water (RMB/ton) for Rugao, Shanghai, Nanjing, Hangzhou, and Suzhou.](chart1)

![Bar chart for Power Consumption in General Industries and Businesses (RMB/KVA) for Rugao, Shanghai, Nanjing, Hangzhou, and Suzhou.](chart2)

Source:
① Rugao’s Statistical Communique on National Economic and Social Development for 2013
② Public data from relevant local government departments and public service utilities
5. Human Resources

5.1 Talent Pool

5.2 Human Resource Costs
5.1 Talent Pool

**Deep Talent Pool**
- The average annual number of local graduates from colleges and universities: 10,000
- The average annual number of secondary vocational school graduates: 5,000
- Total number of skilled personnel: 163,329

**Concentration of High-Level Talent**
- A flexible system that based on equality, competition and merit
- The only provincial-level riverine development talent market in Jiangsu Province’s riverside region
- Surrounded by more than 500 universities and research institutions

**Well-Developed Vocational Education System**
- Key national vocational education demonstration base
- There are 35 vocational middle-schools, high schools, and junior colleges as well as technical schools. There are also two software training institutes

**Distribution of Skilled Personnel in Rugao**

Deloitte Perspectives
In recent years, enterprises have increasingly come to realize the importance of arranging in-house training programs for their employees: there has been a swing in the “talent management pendulum” from an emphasis on talent recruitment to an emphasis talent development.

Deloitte believes that “Cutting-edge talent development must be combined with on-the-job learning, project arrangement, talent networking, formal education and training and personal experience in order to realize real behavioral changes that are consistent with business needs and objectives.

———From “Deloitte’s Global Human Capital Trends 2013”

Source:
①Rugao Education Bureau
5.2 Human Resource Costs

Advantageous Labor Costs
Within the Yangtze River Delta region, the labor costs of Rugao are quite competitive.

Average Annual Salary of employees in the Yangtze River Delta Region in 2013 (RMB/Year)

<table>
<thead>
<tr>
<th>City</th>
<th>Salary (RMB/Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suzhou</td>
<td>40,000</td>
</tr>
<tr>
<td>Hangzhou</td>
<td>50,000</td>
</tr>
<tr>
<td>Nanjing</td>
<td>60,000</td>
</tr>
<tr>
<td>Shanghai</td>
<td>70,000</td>
</tr>
<tr>
<td>Rugao</td>
<td>50,000</td>
</tr>
</tbody>
</table>

Note: The average annual salary of employees indicated above is the average annual salary of urban non-private employees in 2013.

Social Security Costs
Under Chinese law, enterprises pay social security contributions on behalf of their employees, including contributions for medical insurance and pension insurance.

Corporate social security obligations as a percentage of wages in Rugao for 2013

<table>
<thead>
<tr>
<th>Social Security Type</th>
<th>Proportion of Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension insurance</td>
<td>20%</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>1.50%</td>
</tr>
<tr>
<td>Medical insurance</td>
<td>8%</td>
</tr>
<tr>
<td>Employment injury insurance</td>
<td>0.80%-2.40%</td>
</tr>
<tr>
<td>Maternity insurance</td>
<td>0.80%</td>
</tr>
<tr>
<td>Total</td>
<td>31.10%-32.70%</td>
</tr>
</tbody>
</table>

Comparison of Social Insurance in the Yangtze River Delta Region for 2013

Note: The proportion of social insurance in the diagram above is calculated in accordance with the standard minimum payment among various kinds of insurance in relevant cities.

Source:
①Public data from relevant government departments
②Rugao Human Resources and Social Security Bureau
6. Living Environment

6.1 Livable Ecological Environment

6.2 Classic Cultural Landscape
6.1 Livable Ecological Environment

**Word Longevity Land**
- In 2011, Rugao received the title of “World Longevity Land” by the International Association of Natural Medicines and the Scientific Certification Committee for the World’s Longevity Village
- Rugao has a population of 1.45 million, which includes 272 centenarians. The number of centenarians is ranked first nationwide among counties (cities). Rugao’s population proportion of centenarians is 2.6 times of the longevity standards set by the United Nations

**Beautiful and Highly livable Ecological Environment**
Rugao is not only a longevity land, but also a National Garden City and National Ecological City. The city is situated along the Yangtze River with clean water, fertile soil and a pleasant climate. Rugao is situated along two major river systems, the Yangtze River and the Huaihe River, and is characterized by a humid subtropical climate. Rugao has four distinct seasons, mild temperatures, abundant rainfall and ample sunshine. The city also has an urban green coverage rate of 40.30% and a forest coverage rate of 24%.
6.2 Classic Cultural Landscape

“Rugao School” Bonsais
The “Rugao School” Bonsais began in the Northern Song Dynasty, and flourished in the Ming and Qing Dynasties. The trees have a unique S-shape. More than 600 of these bonsai trees have won awards in domestic and international competitions.

Overview of Scenic Spots in Rugao
- Two National AAAA-Level Scenic Spots
- Four National AAA-Level Scenic Spots
- Two Provincial-Level, Four-Star Rural Tourist Spots
- Two Provincial-Level, Three-Star Rural Tourist Spots

Dinghui Temple (National AAA-Level Scenic Spot)
Founded in the 11th year of the Sui Dynasty (591 A.D.), Professor Congzhou Chen regards it as “a temple of water rings, a house filled with buildings and a gate to the north of the mountain”, as well as “having a style that is unique to others across the country”.

Shuihui Garden (National AAAA-Level Scenic Spot)
Built in the Ming Dynasty as a secluded sanctuary for Pijiang Mao, one of the “Four Lords of the Late Ming” and Xiaowan Dong, one of the “Eight Gorgeous Geisha of Nanjing”, Shuihui Garden combined natural, cultural and historical landscapes. Professor Congzhou Chen, the leader in research of Chinese classical gardens, has hailed it as a “World Famous Garden” and the “only existing example of Huizhou in domestic”.

Orient Longevity Park (National AAA-Level Scenic Spot)
Scenic areas include famous scenic spots such as Museum of Longevity, Buddha Coastal Park, Centenarians’ Bridge. In addition, the theme of health and longevity attracts visitors to visit and learn about the historical and mysterious demonstrations of longevity.
7. Appendices

I. Approval Procedures for Foreign-Invested Enterprises

II. Government Agencies for Foreign Investment Services in Rugao
I. Approval Procedures for Foreign-Invested Enterprises

1. Project Filed
   - Development and Reform Commission

2. Environmental Impact Assessment
   - Environmental Protection Bureau

3. Examination and Approval of Contracts and Articles of Association
   - Municipal Bureau of Commerce

4. Application for Organization Code Certificate
   - Municipal Bureau of Quality and Technical Supervision

5. Collection of Certificate of Approval
   - Municipal Bureau of Commerce

6. Business License
   - Municipal Administration of Industry and Commerce

7. Pre-registration of Company Name
   - Administration of Industry and Commerce

8. Project Approval
   - Development and Reform Commission

9. Foreign Exchange Registration Certificate
   - Provincial Administration of Foreign Exchange

10. Code Certificate for Legal Representative
    - Bureau of Quality and Technical Supervision

11. Tax Registration Certificate
    - State Administration of Taxation, Local Tax Bureau
## II. Government Agencies for Foreign Investment Services in Rugao

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>Address</th>
<th>Phone</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rugao Municipal People’s Government</td>
<td>Administration Center, South Haiyang Rd.</td>
<td>+86 513 8765 8185</td>
<td><a href="http://www.rugao.gov.cn">http://www.rugao.gov.cn</a></td>
</tr>
<tr>
<td>Rugao Bureau of Commerce</td>
<td>Administration Center, South Haiyang Rd., Room B-802, Rugao</td>
<td>+86 513 8719 9951</td>
<td><a href="http://www.rgswj.gov.cn">http://www.rgswj.gov.cn</a></td>
</tr>
<tr>
<td>Rugao Investment Promotion Bureau</td>
<td>Administration Center, South Haiyang Rd., Room B-205, Rugao</td>
<td>+86 513 8728 8398</td>
<td><a href="http://www.rgzsj.gov.cn">http://www.rgzsj.gov.cn</a></td>
</tr>
<tr>
<td>Rugao Administrative Service Center</td>
<td>Public Service Center, Jiefang Rd., Rugao</td>
<td>+86 513 8765 8168</td>
<td><a href="http://xzfw.rg.gov.cn">http://xzfw.rg.gov.cn</a></td>
</tr>
<tr>
<td>Rugao Port Management Committee</td>
<td>88 Weiwu Rd., Changjiang Town, Rugao</td>
<td>+86 513 6816 7601</td>
<td><a href="http://www.rgp.gov.cn">http://www.rgp.gov.cn</a></td>
</tr>
<tr>
<td>Rugao Economic Development Zone Management Committee</td>
<td>Times Tower, 799 N. Haiyang Rd., Rugao</td>
<td>+86 513 8765 1082</td>
<td><a href="http://www.rgedz.gov.cn">http://www.rgedz.gov.cn</a></td>
</tr>
<tr>
<td>Rugao Industrial Park Management Committee</td>
<td>276 Fushou Rd., Rugao</td>
<td>+86 513 8765 1759</td>
<td><a href="http://www.rucheng.gov.cn">http://www.rucheng.gov.cn</a></td>
</tr>
<tr>
<td>Rugao High-Tech Industrial Development Zone Management Committee</td>
<td>999 S. Wanshou Rd., Rugao</td>
<td>+86 513 8719 9518</td>
<td><a href="http://www.rght.gov.cn">http://www.rght.gov.cn</a></td>
</tr>
<tr>
<td>Rugao Development and Reform Commission</td>
<td>Administration Center, Haiyang Rd., Room B-1003, Rugao</td>
<td>+86 513 8765 1082</td>
<td><a href="http://www.jsrgfgw.gov.cn">http://www.jsrgfgw.gov.cn</a></td>
</tr>
<tr>
<td>Rugao Office of Foreign Affairs for the Municipal People’s Government</td>
<td>West Wing of Administration Center, S. Haiyang Rd., Floor 4, Suite 621, Rugao</td>
<td>+86 513 8765 8179</td>
<td></td>
</tr>
<tr>
<td>Rugao Administration of Industry and Commerce</td>
<td>365 Fushou Rd., Rugao</td>
<td>+86 513 8731 2800</td>
<td><a href="http://www.rgaic.gov.cn">http://www.rgaic.gov.cn</a></td>
</tr>
<tr>
<td>Rugao State Administration of Taxation</td>
<td>666 Yuxian Rd., Rugao</td>
<td>+86 513 8735 5166</td>
<td><a href="http://www.ntds.gov.cn">http://www.ntds.gov.cn</a></td>
</tr>
<tr>
<td>Rugao Local Taxation Bureau</td>
<td>117 Haiyang Rd., Rugao</td>
<td>+86 513 8763 1109</td>
<td><a href="http://www.ntds.gov.cn">http://www.ntds.gov.cn</a></td>
</tr>
<tr>
<td>Rugao Administration of Foreign Exchange</td>
<td>373 Fushou Rd., Rugao</td>
<td>+86 513 8765 5191</td>
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<tr>
<td>Rugao Taiwan Affairs Office and Overseas Chinese Affairs Office</td>
<td>Administration Services Center, S. Haiyang Rd., Room A-1509, Rugao</td>
<td>+86 513 8765 8237</td>
<td><a href="http://www.rgtb.gov.cn">http://www.rgtb.gov.cn</a></td>
</tr>
<tr>
<td>Rugao Customs</td>
<td>25 Middle Huajiang Rd., Changjiang Town, Rugao</td>
<td>+86 513 6816 2026</td>
<td><a href="http://www2.customs.gov.cn">http://www2.customs.gov.cn</a></td>
</tr>
<tr>
<td>Rugao Maritime Safety Bureau</td>
<td>25 Middle Huajiang Road, Changjiang Town, Rugao</td>
<td>+86 513 8055 7689</td>
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<tr>
<td>Rugao Immigration Inspection Bureau</td>
<td>25 Middle Huajiang Rd., Changjiang Town, Rugao</td>
<td>+86 513 8080 3311</td>
<td><a href="http://bji.rugao.gov.cn">http://bji.rugao.gov.cn</a></td>
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<tr>
<td>Rugao Inspection and Quarantine Bureau</td>
<td>25 Middle Huajiang Rd., Changjiang Town, Rugao</td>
<td>+86 513 8055 3908</td>
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</tbody>
</table>
This report was prepared by Shanghai Deloitte Tax Ltd. (hereinafter referred to as “Deloitte” or “We”) based on qualitative and quantitative analysis of collected data and independent research that included site visits and interviews with key enterprises.

We have written this report to summarize, from an investor’s point of view, the various characteristics of a city’s investment environment, and to elaborate on five particular dimensions of Rugao’s investment environment. This includes a number of indicators provided by the Ministry of Commerce and related departments that help measure the quality of the proposed investment environment.

### Background Data Collection
- Collect and review information and data provided by relevant departments
- Consolidate initially such information provided by the Rugao municipal government

### Interview with enterprises and Government
- Interview heads of relevant government departments and enterprises in Rugao
- Select and conduct on-site interview with known enterprises in Rugao

### Information and Data Consolidation Analysis
- Introduce Rugao’s favorable investment environment in correspondence with the data and information collected from multiple levels and sources
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